

RECORDATION NO. 71:30 filed & Recorded

MAR 27 1987 9-1 5 AM

1500 FLEET CENTER
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HINCKLEY, ALLEN, TOBIN & SILVERSTEIN INTERSTATE COMMERCE COMMISSION

Attorneys at Law

JAMES E KEELEY

March 24, 1987

Interstate Commerce Commission
Twelfth and Constitution Avenue N. W.
Washington, D. C. 20423

Attention: Mildred Lee

Gentlemen:

I am enclosing one original and one counterpart of the document described below, to be recorded pursuant to Section 11303 of Title 49 of the U. S. Code.

The document is a Security Agreement between New England Steamboat Lines, Inc. and United Bank & Trust Company, a primary document dated March 18, 1987.

The names and addresses of the parties to the document are as follows:

Secured Party:

United Bank & Trust Company
101 Pearl Street
Hartford, Connecticut 06103

Debtor:

New England Steamboat
Lines, Inc.
One Marine Park
Haddam, Connecticut 06438

A description of the goods and inventory covered by the document is as follows:

- (A) The vessel presently known as Hull No. 54 being constructed for the Debtor by Chesapeake Shipbuilding, Inc., during all stages of construction and upon completion ("Vessel"), and all of the Debtor's interest therein, both presently owned and after acquired, together with all proceeds thereof, additions and accessions thereto or replacements thereof or substitutions therefor;


Interstate Commerce Commission
March 24, 1987
Page 2

- (B) All of the Debtor's presently owned and after-acquired interest in the construction contract relating to the Vessel between the Debtor and Chesapeake Shipbuilding, Inc., together with all proceeds thereof;
- (C) All of the Debtor's presently owned and hereafter acquired equipment, machinery, furniture, and all other tangible personal property of whatsoever kind or nature, used and to be used in connection with the operation of the Vessel, together with all proceeds thereof, additions and accessions thereto or replacements thereof or substitutions therefor;
- (D) All of the Debtor's presently owned and hereafter acquired inventory used and to be used in connection with the operation of the Vessel, together with all proceeds thereof, additions and accessions thereto or replacements thereof or substitutions therefor;
- (E) All of the Debtor's presently owned and after-acquired licenses and operating rights, both federal and state, issued and to be issued in connection with the Vessel, and in and to all proceeds thereof.

A fee of \$10.00 is enclosed. Please return the original document to me as follows:

James E. Keeley, Esquire
Hinckley, Allen, Tobin & Silverstein
1500 Fleet Center
Providence, Rhode Island 02903

Very truly yours,


James E. Keeley
Attorney for United Bank &
Trust Company

JEK:JM

Encs.

Interstate Commerce Commission
Washington, D.C. 20423

OFFICE OF THE SECRETARY

3/27/86

James E. Keeley
Hinckley, Allen, Tobin & Silverstein
1500 Fleet Center
Providence, Rhode Island 02903

Dear Sir:

The enclosed document(s) was recorded pursuant to the provisions of Section 11303 of the Interstate Commerce Act, 49 U.S.C. 11303, on 3/27/87 at 9:15am, and assigned recordation number(s) *76-30 & 76-31*

Sincerely yours,

Norita R. McGee
Secretary

Enclosure(s)

SE-30
(7/79)

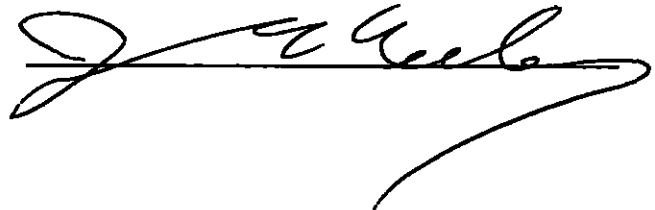
RECORDATION No. W30

MAR 27 1987

INTERSTATE COMMERCE COMMISSION

CERTIFICATE

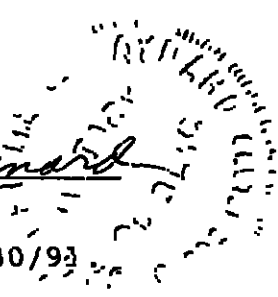
I, James E. Keeley, of Providence, Rhode Island, on oath, make affidavit and say that I am attorney for United Bank & Trust Company, and that affixed hereto is a true and complete copy of an original Security Agreement dated March 18, 1987, between New England Steamboat Lines, Inc. as Debtor and United Bank & Trust Company as Secured Party.



Subscribed and sworn to before me this 24th day of March, 1987.


Notary Public

My Commission Expires 6/30/93



RECORDATION: *7/130* Filed & Recorded

MAR 27 1987 9-1 5 AM

INTERSTATE COMMERCE COMMISSION

SECURITY AGREEMENT

The undersigned, NEW ENGLAND STEAMBOAT LINES, INC., a Connecticut corporation with a chief place of business and executive office located at One Marine Park, Haddam, Connecticut 06438 (hereinafter called "Debtor"), hereby grants to United Bank & Trust Company, a Connecticut banking corporation with a place of business located at 101 Pearl Street, Hartford, Connecticut 06103 (hereinafter called "Secured Party"), a security interest in and agrees and acknowledges that Secured Party has and will continue to have a security interest in the following:

- (A) The vessel presently known as Hull No. 54 being constructed for the Debtor by Chesapeake Shipbuilding, Inc., during all stages of construction and upon completion ("Vessel"), and all of the Debtor's interest therein, both presently owned and after acquired, together with all proceeds thereof, additions and accessions thereto or replacements thereof or substitutions therefor;
- (B) All of the Debtor's presently owned and after-acquired interest in the construction contract relating to the Vessel between the Debtor and Chesapeake Shipbuilding, Inc., together with all proceeds thereof;
- (C) All of the Debtor's presently owned and hereafter acquired equipment, machinery, furniture, and all other tangible personal property of whatsoever kind or nature, used and to be used in connection with the operation of the Vessel, together with all proceeds thereof, additions and accessions thereto or replacements thereof or substitutions therefor; (all of which is sometimes hereinafter referred to as "equipment");
- (D) All of the Debtor's presently owned and hereafter acquired inventory used and to be used in connection with the

operation of the Vessel, together with all proceeds thereof, additions and accessions thereto or replacements thereof or substitutions therefor;

- (E) All of the Debtor's presently owned and after acquired licenses and operating rights, both federal and state, issued and to be issued in connection with the Vessel, and in and to all proceeds thereof;

(all hereinafter sometimes collectively referred to as "Collateral"); to secure the payment of any and all indebtedness and liabilities whatsoever of the Debtor to Secured Party, due or to become due and whether now existing or hereafter arising, on account of the Debtor's Promissory Note of even date herewith payable to Secured Party in the original principal sum of \$1,300,000 (hereinafter sometimes referred to as "obligation" or "obligations").

I. WARRANTIES AND COVENANTS

Debtor hereby warrants and covenants that:

A. The equipment and inventory are used primarily for business purposes.

B. The equipment and inventory will be kept on board the Vessel and the Vessel will maintain its primary berth in either the State of Connecticut or Rhode Island. Debtor will promptly notify Secured Party of any permanent change in the location of the Collateral.

C. Except for the security interest granted hereby, Debtor is the owner of presently owned Collateral and will be the owner of Collateral hereafter acquired free from any adverse lien, security

interest or encumbrance, and Debtor will defend the Collateral against the claims and demands of all persons at any time claiming the same or any interest therein.

D. No financing statements covering any Collateral or any proceeds thereof are on file in any public office, and at the request of Secured Party, Debtor will join with Secured Party in executing one or more (1) financing statements pursuant to the Uniform Commercial Code, and (ii) other documents necessary or advisable to perfect the security interests evidenced hereby, all in form satisfactory to Secured Party and Debtor will pay the cost of filing the same or filing or recording this agreement in all public offices wherever filing or recording is deemed by Secured Party to be necessary or desirable.

E. Debtor will have and maintain insurance at all times with respect to all Collateral against risks of fire (including so-called extended coverage), theft, and such other risks as Secured Party may require containing such terms, in such form, for such periods and written by such companies as may be satisfactory to Secured Party, such insurance to be payable to Secured Party and Debtor as their interests may appear; all policies of insurance shall provide for at least twenty days' written cancellation notice to Secured Party. Debtor shall furnish Secured Party with certificates or other evidence satisfactory to Secured Party of compliance with the foregoing insurance provision and Secured Party

may act either in its name or as attorney for Debtor (for that purpose by these presents duly authorized and appointed with full power of substitution and revocation) in obtaining, adjusting, settling and cancelling such insurance and endorsing any drafts in payment of any loss.

F. Debtor will keep the Collateral free from any adverse lien, security interest or encumbrances, other than a junior security interest in favor of Chesapeake Shipbuilding, Inc. to secure the purchase price of the Vessel.

G. Debtor will pay promptly when due all taxes and assessments upon the Collateral or for its use or operation or upon this agreement or upon any note or notes secured hereby; provided that Debtor shall have all appeal rights set forth in Section 4.02 of the Loan Agreement hereinafter referred to.

II. ADDITIONAL RIGHTS OF THE PARTIES

A. The Secured Party may, at its election, discharge taxes, liens or security interests or other encumbrances at any time levied or placed on the Collateral, may pay for insurance on the Collateral and may pay for the maintenance and preservation of the Collateral. Debtor agrees to reimburse Secured Party on demand for any payment made, or any expense incurred by Secured Party pursuant to the foregoing authorization, and in any event all such payments and expenses shall constitute an obligation hereunder.

B. Until an Event of Default Debtor may have possession of the Collateral and use it in any lawful manner not inconsistent with this agreement and not inconsistent with any policy of insurance thereon.

C. Debtor hereby irrevocably designates and appoints Secured Party its true and lawful attorney with full power of substitution to execute, deliver, and record in the name of the Debtor all financing statements, continuation statements, title certificate lien applications and other documents deemed by the Secured Party to be necessary or advisable to perfect or better perfect, or to continue the perfection of the security interests granted hereunder.

D. A carbon, photographic, or other reproduction of a security agreement or a financing statement is sufficient as a financing statement.

III. EVENTS OF DEFAULT

Debtor shall be in default under this Agreement upon the happening of any of the following events or conditions (individually and collectively an "Event of Default"):

(a) Failure by Debtor to observe or perform any covenant or agreement referred to herein, and such default shall continue unremedied for twenty (20) days after written notice thereof by the Secured Party to the Debtor;

(b) Sale or transfer of any of the Collateral; loss, theft, or substantial damage or destruction of any of the Collateral which is not fully and adequately insured against as hereinbefore provided.

In addition, this agreement is one of the Security Agreements referred to in, and is entitled to the benefit of, a Loan Agreement of even date between the Debtor and Secured Party, which Loan Agreement, among other things, contains provisions for the acceleration of the maturity of the obligations secured hereby upon the happening of certain stated events of default, which events of default shall be deemed Events of Default under this agreement.

IV. REMEDIES

A. If an Event of Default occurs:

(1) The Secured Party may declare all obligations secured hereby to be immediately due and payable without presentment, demand, protest or other notice of any kind, all of which are hereby expressly waived.

(2) The Secured Party may exercise and shall have any and all rights and remedies accorded it by the Uniform Commercial Code. The Secured Party may require Debtor to assemble the Collateral and make it available to the Secured Party at a place to be designated by the Secured Party which is reasonably convenient to both parties. The requirement of reasonable notice shall be met, if notice is mailed, postage prepaid, to Debtor or other person

entitled thereto at least ten (10) days (including non-business days) before the time of sale or disposition of the Collateral. Debtor shall pay to the Secured Party on demand any and all expenses, including legal expenses and attorney's fees, incurred or paid by the Secured Party in protecting or enforcing any rights of the Secured Party hereunder, including its right to take possession of the Collateral, storing and disposing of the same or in collecting the proceeds thereof.

B. Debtor understands and agrees the Secured Party may exercise its rights hereunder without affording Debtor an opportunity for a preseizure hearing before Secured Party, through judicial process or otherwise, takes possession of the Collateral upon the occurrence of an Event of Default, and Debtor expressly waives its constitutional right, if any, to such prior hearing.

C. No delay in accelerating the maturity of any obligation as aforesaid or in taking any other action with respect to any Event of Default or in exercising any rights with respect to the Collateral shall affect the rights of the Secured Party later to take such action with respect thereto, and no waiver as to one Event of Default shall affect rights as to any other default.

D. All rights of Secured Party hereunder shall inure to the benefit of its successors and assigns; and all obligations of Debtor shall bind the successors or assigns of the Debtor. This agreement was delivered in the State of Connecticut and all the

STATE OF CONNECTICUT
COUNTY OF HARTFORD

March 18, 1987

Personally appeared UNITED BANK & TRUST COMPANY, acting herein by J. Gilbert Secker, its vice president, signer and sealer of the foregoing instrument, who acknowledged the same to be his free act and deed in said capacity and the free act and deed of said Corporation, before me.


Notary Public

My Commission Expires: 3/31/90